

**B75**  
**General Assembly of Maryland**

***Operating Budget Data***

(\$ in Thousands)

	<b><u>FY 13 Actual</u></b>	<b><u>FY 14 Working</u></b>	<b><u>FY 15 Allowance</u></b>	<b><u>FY 14-15 Change</u></b>	<b><u>% Change Prior Year</u></b>
General Fund	\$77,319	\$81,138	\$82,658	\$1,520	1.9%
<b>Adjusted General Fund</b>	<b>\$77,319</b>	<b>\$81,138</b>	<b>\$82,658</b>	<b>\$1,520</b>	<b>1.9%</b>
Special Fund	438	0	0	0	
<b>Adjusted Special Fund</b>	<b>\$438</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	
<b>Adjusted Grand Total</b>	<b>\$77,757</b>	<b>\$81,138</b>	<b>\$82,658</b>	<b>\$1,520</b>	<b>1.9%</b>

- The fiscal 2015 allowance increases by \$1.5 million, or 1.9%, primarily due to increases in personnel expenses.

***Personnel Data***

	<b><u>FY 13 Actual</u></b>	<b><u>FY 14 Working</u></b>	<b><u>FY 15 Allowance</u></b>	<b><u>FY 14-15 Change</u></b>
Regular Positions	748.00	748.00	748.00	0.00
Contractual FTEs	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
<b>Total Personnel</b>	<b>748.00</b>	<b>748.00</b>	<b>748.00</b>	<b>0.00</b>

***Vacancy Data: Regular Positions***

Turnover and Necessary Vacancies, Excluding New Positions	20.50	2.74%
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- There are no new positions included in the fiscal 2015 allowance.

Note: Numbers may not sum to total due to rounding.

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## **Recommended Actions**

1. Concur with the budget as approved by the Legislative Policy Committee.

## **Updates**

***General Assembly Compensation Commission Recommendations:*** As required by the Maryland Constitution, the General Assembly Compensation Commission met and considered salaries, expenses, and pension benefits for members of the General Assembly.

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**General Assembly of Maryland**

***Operating Budget Analysis***

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**Program Description**

The General Assembly of Maryland (GAM) is the legislative branch of State government. Separate budgets are provided for the Senate, comprised of 47 members; the House of Delegates, comprised of 141 members; leadership, committee, and member staff support; and general expenses shared by both chambers.

The Department of Legislative Services (DLS) provides nonpartisan staff support to the legislature. The department has four offices: the Office of the Executive Director; the Office of Legislative Audits; the Office of Legislative Information Systems; and the Office of Policy Analysis.

**Fiscal 2014 Actions**

The fiscal 2015 budget plan includes three 2014 reductions that affect employee/retiree health insurance, funding for the new Statewide Personnel information technology (IT) system, and retirement reinvestment. In order to be consistent with Executive Branch across-the-board withdrawn appropriations, the budget assumes that GAM will make the following general fund reversions in fiscal 2014: \$1,047,318 for employee/retiree health insurance; \$46,972 for the Statewide Personnel IT system; and \$239,033 for retirement reinvestment. These actions are fully explained in the analyses of the Department of Budget and Management (DBM) – Personnel, the Department of Information Technology, and the State Retirement Agency (SRA), respectively. Recommendations to adopt these reversion assumptions as budget reductions are made in the DBM – Personnel analysis.

**Proposed Budget**

The overall budget increases by \$1.5 million, as shown in **Exhibit 1**. Not reflected in Exhibit 1 are two anticipated general fund reversions, this includes \$286,223 related to employee and retiree health insurance, and \$468,109 for retirement reinvestment. In the analysis of DBM – Personnel, DLS is recommending an amendment to Back of the Bill language that would reduce the budget for GAM by these amounts, rather than relying on the expectation of a reversion.

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**Exhibit 1**  
**Proposed Budget**  
**General Assembly of Maryland**  
**(\$ in Thousands)**

<b>How Much It Grows:</b>	<b><u>General Fund</u></b>	<b><u>Total</u></b>
2014 Working Appropriation	\$81,138	\$81,138
2015 Allowance	<u>82,658</u>	<u>82,658</u>
Amount Change	\$1,520	\$1,520
Percent Change	1.9%	1.9%

**Where It Goes:**

**Personnel Expenses**

Annualization of fiscal 2014 increments and general salary increases.....	\$883
Increments and other compensation .....	794
Social Security contribution .....	211
Employee and retiree health insurance .....	-1,400
Retirement contribution rate change.....	869
Turnover adjustments .....	-39
Other fringe benefit adjustments .....	-15

**Other Changes**

Member allowances.....	132
Information technology maintenance and equipment replacement .....	60
Actuarial contracts.....	-50
Employee business mileage reimbursements .....	46
Quadrennial new member orientation.....	25
Other .....	4

<b>Total</b>	<b>\$1,520</b>
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Note: The fiscal 2014 working appropriation reflects negative deficiencies and contingent reductions. The fiscal 2015 allowance reflects back of the bill and contingent reductions. Numbers may not sum to total due to rounding.

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## **Personnel Expenses**

Personnel expenses increase by \$1.3 million due to a number of salary and fringe benefit costs. In terms of salary growth, the budget reflects the annualization of fiscal 2014 increments and the general salary increase which provided a 3% increase effective January 1, 2014. This accounts for \$883,000 of the personnel expense increase. The budget also includes funds for employee merit increases. It should be noted that the budget for DBM contains funds for a 2% general salary increase for State employees effective January 1, 2015, and funds are included for employees of the Legislative Branch. Offsetting these salary and fringe benefit expenses is a decrease of \$1.4 million for employee and retiree health insurance.

Aside from personnel expenses, GAM's operating budget increases by \$217,000. This is primarily the result of a \$131,600 increase for legislator allowances. Legislators typically hire staff to work in their district offices using their member allowances. A number of those employees are regular part-time employees who work year round, albeit only part-time during the interim. These employees were entitled to the 2014 cost-of-living adjustment (COLA). Additionally, the use of actuarial consultant services decreases by \$50,000 where expenditures were necessary in fiscal 2014 but not in fiscal 2015, including the economic impact of casino gambling in Maryland. There is also an increase of \$46,000 for employee business mileage reimbursements within the Office of Legislative Audits (OLA). GAM is systematically eliminating OLA's rapidly aging State vehicle fleet, over time, in favor of increasing the use of personal vehicles by staff for business travel to job sites throughout the State. Over the long term, periodic cost recoveries from auction sales of existing State vehicles, along with annual projected savings to be realized from not replacing aged vehicles, as well as declining annual costs of vehicle maintenance and insurance coverage, will be used to offset the increased staff reimbursements. However, there is expected to be a temporary increase in fiscal 2015 where reimbursements increase faster than anticipated cost recoveries.

## ***Recommended Actions***

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1. Concur with the budget as approved by the Legislative Policy Committee.

## ***Updates***

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### **1. General Assembly Compensation Commission Recommendations**

As required by the Maryland Constitution, the General Assembly Compensation Commission, with members appointed by the Governor, the President of the Senate, and the Speaker of the House, convened in advance of the 2014 legislative session to consider the compensation package that will accrue to legislators elected in November 2014. The commission adopted a resolution incorporating its recommendations.

#### **Recommended Changes to the Compensation Package**

- The commission's resolution increases legislator salaries beginning in calendar 2015. Specifically, the resolution provides for a \$1,707 annual increase for four years for all legislators except the Presiding Officers who will receive an annual increase over the same period of \$2,218.
- The resolution changes a reference for reimbursement of in-state lodging from the Internal Revenue Service (IRS) to the federal General Services Administration (GSA) and allows for the reimbursement of in-state lodging at the appropriate local rate for attendance at functions approved by the Presiding Officers that are outside of Annapolis. The resolution ties the maximum reimbursement for meals and lodging expenses for approved out-of-state travel to the current federal domestic per-diem rates as established by GSA and removes the approval of reimbursement in excess of those rates.
- The resolution increases the annual in-district travel allowance from \$500 to \$750 to reflect increases in the cost of fuel.
- The resolution alters membership in the legislative pension plan by making it mandatory in order to avoid potentially adverse tax consequences for retirees. The resolution also amends the legislative pension plan by increasing the employee contribution to 7% (and making a corresponding technical change); and for legislators with no creditable service prior to January 14, 2015, the normal retirement age is increased to 62 years of age, and the retirement age for a reduced service retirement allowance is increased to 55 years of age (and making a corresponding technical change). The resolution also amends one optional form of retirement allowance based on IRS concerns. Additionally, the resolution repeals two optional forms of retirement allowances that have never been elected by any previous or current members.
- Beginning with the next term, the resolution aligns participation in the State health program for former legislators to coverage provided to former State employees. Former legislators currently participating in the State health programs will be able to continue to do so under the terms of the previous resolution. For legislators with no creditable service prior to

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January 14, 2015, the resolution alters the calculation of the State subsidy of retiree health benefit from one-sixteenth to one-twentieth of the full State subsidy for each year of service.

While not part of the formal resolution, the commission also requests that DLS and SRA investigate the feasibility of providing a limited military service credit under the legislative pension plan; the feasibility of allowing a transfer of service credit into the legislative pension plan; and the impact of allowing the purchase of additional service credit (air time) on the legislative pension plan. The results should be presented to the next General Assembly Compensation Commission.



## ***Current and Prior Year Budgets***

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### **Current and Prior Year Budgets General Assembly of Maryland (\$ in Thousands)**

	<b><u>General Fund</u></b>	<b><u>Special Fund</u></b>	<b><u>Federal Fund</u></b>	<b><u>Reimb. Fund</u></b>	<b><u>Total</u></b>
<b>Fiscal 2013</b>					
Legislative Appropriation	\$78,319	\$0	\$0	\$0	\$78,319
Deficiency Appropriation	0	0	0	0	0
Budget Amendments	0	438	0	0	438
Reversions and Cancellations	-1,000	0	0	0	-1,000
<b>Actual Expenditures</b>	<b>\$77,319</b>	<b>\$438</b>	<b>\$0</b>	<b>\$0</b>	<b>\$77,757</b>
<b>Fiscal 2014</b>					
Legislative Appropriation	\$80,464	\$0	\$0	\$0	\$80,464
Budget Amendments	675	0	0	0	675
<b>Working Appropriation</b>	<b>\$81,138</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$81,138</b>

Note: The fiscal 2014 working appropriation does not include deficiencies or contingent reductions. Numbers may not sum to total due to rounding.

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## **Fiscal 2013**

GAM's budget finished fiscal 2013 with actual expenditures of \$77.8 million, \$562,000 under the legislative appropriation. The budget was increased by \$438,362 in special funds to reflect the allocation of the COLA that was budgeted by DBM. In fiscal 2013, State agencies were assessed a fee for development of a new Statewide Personnel system. That year, the State spent approximately 48% of this major IT project's appropriated budget, with the remainder reverted to the general fund. A total of \$30,488 of GAM's original general fund appropriation was reverted for this reason. GAM also reverted \$969,512 in general operating expenses.

## **Fiscal 2014**

The fiscal 2014 working appropriation for GAM has increased by \$674,796 over the legislative appropriation, reflecting a general fund increase for employee increments and the 3% general salary increase.

**Object/Fund Difference Report  
General Assembly of Maryland**

<u>Object/Fund</u>	<u>FY 13 Actual</u>	<u>FY 14 Working Appropriation</u>	<u>FY 15 Allowance</u>	<u>FY 14 - FY 15 Amount Change</u>	<u>Percent Change</u>
<b>Positions</b>					
01 Regular	748.00	748.00	748.00	0.00	0%
<b>Total Positions</b>	<b>748.00</b>	<b>748.00</b>	<b>748.00</b>	<b>0.00</b>	<b>0%</b>
<b>Objects</b>					
01 Salaries and Wages	\$ 60,665,406	\$ 65,850,591	\$ 67,153,813	\$ 1,303,222	2.0%
02 Technical and Spec. Fees	1,342,291	1,332,580	1,331,790	-790	-0.1%
03 Communication	544,840	556,100	554,400	-1,700	-0.3%
04 Travel	2,503,033	3,384,050	3,455,507	71,457	2.1%
06 Fuel and Utilities	4,523	4,000	5,000	1,000	25.0%
07 Motor Vehicles	35,279	44,903	33,456	-11,447	-25.5%
08 Contractual Services	5,704,250	7,071,436	7,369,107	297,671	4.2%
09 Supplies and Materials	1,171,183	1,381,679	1,302,335	-79,344	-5.7%
10 Equipment – Replacement	5,247,441	978,800	910,000	-68,800	-7.0%
11 Equipment – Additional	12,781	0	1,500	1,500	N/A
13 Fixed Charges	444,052	443,307	449,669	6,362	1.4%
14 Land and Structures	81,907	90,900	91,500	600	0.7%
<b>Total Objects</b>	<b>\$ 77,756,986</b>	<b>\$ 81,138,346</b>	<b>\$ 82,658,077</b>	<b>\$ 1,519,731</b>	<b>1.9%</b>
<b>Funds</b>					
01 General Fund	\$ 77,318,624	\$ 81,138,346	\$ 82,658,077	\$ 1,519,731	1.9%
03 Special Fund	438,362	0	0	0	0.0%
<b>Total Funds</b>	<b>\$ 77,756,986</b>	<b>\$ 81,138,346</b>	<b>\$ 82,658,077</b>	<b>\$ 1,519,731</b>	<b>1.9%</b>

Note: The fiscal 2014 appropriation does not include deficiencies. The fiscal 2015 allowance does not include contingent reductions.

**Fiscal Summary  
General Assembly of Maryland**

<u>Program/Unit</u>	<u>FY 13 Actual</u>	<u>FY 14 Wrk Approp</u>	<u>FY 15 Allowance</u>	<u>Change</u>	<u>FY 14 - FY 15 % Change</u>
01 Senate	\$ 11,756,894	\$ 12,085,135	\$ 12,306,836	\$ 221,701	1.8%
02 House of Delegates	22,303,595	22,976,615	22,675,984	-300,631	-1.3%
03 General Legislative Expenses	1,015,833	1,020,477	1,018,876	-1,601	-0.2%
04 Office of the Executive Director	10,325,073	11,017,691	11,253,150	235,459	2.1%
05 Office of Legislative Audits	12,044,506	12,787,485	13,274,048	486,563	3.8%
06 Office of Legislative Information Systems	4,850,670	4,974,001	5,193,555	219,554	4.4%
07 Office of Policy Analysis	15,460,415	16,276,942	16,935,628	658,686	4.0%
<b>Total Expenditures</b>	<b>\$ 77,756,986</b>	<b>\$ 81,138,346</b>	<b>\$ 82,658,077</b>	<b>\$ 1,519,731</b>	<b>1.9%</b>
General Fund	\$ 77,318,624	\$ 81,138,346	\$ 82,658,077	\$ 1,519,731	1.9%
Special Fund	438,362	0	0	0	0.0%
<b>Total Appropriations</b>	<b>\$ 77,756,986</b>	<b>\$ 81,138,346</b>	<b>\$ 82,658,077</b>	<b>\$ 1,519,731</b>	<b>1.9%</b>

Note: The fiscal 2014 appropriation does not include deficiencies. The fiscal 2015 allowance does not include contingent reductions.